



FEDERATED STATES OF MICRONESIA

Office of The National Public Auditor

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Monday, February 09, 2009

His Excellency Manny Mori, FSM President
Honorable John Ehsa, Governor of Pohnpei State
Honorable Wesley Simina, Governor of Chuuk State
Honorable Sebastian Anefal, Governor of Yap State
Honorable Robert Weilbacher, Governor of Kosrae State

Dear Mr. President and Mr. Governors:

The following is the report on the status of the 2008 Single Audit for FSM as of January 31, 2009 based on information received from Deloitte & Touche (DT).

FSM NATIONAL GOVERNMENT

1. FSM National Government: DT has requested trial balances, revenue and expenditures details for the major programs selected for interim testing. DT has received some of the requested documentation and has commenced testing of the documents. There has been no significant change in the pending items provided January 08, 2009. A detailed list was provided to the Secretary on February 06, 2009. DT has already received the final trial balance and transaction details. DT still has to receive the year-end Schedule of Expenditures of Federal Awards to determine the final major program for federal compliance testing.
2. National Fisheries Corporation: DT has received the September 30, 2008 trial balance, accounts receivable and accounts payable schedules. Commencement of fieldwork is pending receipt of other requested schedules.
3. College of Micronesia-FSM: DT has requested a trial balance as of September 30, 2008 and related schedules/documents, commencement of substantive testing is pending the receipt of such. DT has commenced compliance testing of PELL grant and Compact fund and has completed 95% and 80%, respective, of such.
4. MiCare Plan, Inc.: DT has performed interim audit procedures. As of 1/31/09, fieldwork is approximately 50% completed. DT has requested a trial balance as of September 30, 2008 and other related schedules/documents. Commencement of year-end fieldwork is pending the receipt of the requested schedules/documents.
5. Coconut Development Authority: DT has completed 95% of fieldwork.
6. Development Bank: DT has received the Bank's trial balances and borrowers' detailed schedules as of 12/31/08. Commencement of year-end fieldwork is pending the receipt of the other related schedules and documents requested on January 12, 2009.

7. Social Security Administration: DT has received the contribution and benefits payment details as of 7/31/08. However, per communication with the Administrator on 11/06/08, the entity's controller has resigned. Commencement of fieldwork is pending the arrival of the new controller.

CHUUK STATE GOVERNMENT

1. Chuuk State Government: DT has received the 9/30/08 Trial Balance (as of 10/6/08) and Schedule of Expenditures of Federal Awards (SEFA) and revenue and expenditure details. DT has provided payroll and non-payroll expenditure samples. Further arrangements to commence testing will be discussed and arranged with the State pending the availability of requested documents.
2. Chuuk Health Care Plan: DT received the signed engagement letter however DT is awaiting financial statements from the entity and no procedures have as of yet been conducted.
3. Chuuk Housing Authority: DT is awaiting financial statements from the entity and no procedures have as of yet been conducted.
4. Chuuk Public Utility Corporation: The entity has been without a controller for the entire year and the state of the accounting records is uncertain. Currently Kelly Keller is at CPUC to assist in the preparation of the financial statements.
5. Chuuk State Government Quarterly Audits: DT has completed fieldwork of first quarter's audit.

POHNPEI STATE GOVERNMENT

1. Pohnpei State Government: DT has commenced compliance testing of major programs. Final trial balances will be provided on February 2, 2009.
2. Pohnpei Fisheries Corporation: A draft copy of the audit report will be provided to PFC for their review on February 05, 2009.
3. Pohnpei Housing Authority: DT has requested the trial balance and related schedules/documents. DT has completed 10% of fieldwork.
4. Pohnpei Utilities Corporation: Final reports were issued on January 19, 2009.
5. Pohnpei Port Authority: DT has commenced fieldwork and is about 50% completed with such.

YAP STATE GOVERNMENT

1. Yap State Government: DT has requested trial balances, revenue and expenditures details for the major programs selected for interim testing. DT has received some of the requested documentation and commenced tests of the documents. Preliminary findings were communicated to YSG in the 1st week of December. A detailed pending list was provided to the Director of Finance on January 8, 2009. There has been no significant change in the pending list.

2. Yap State Public Service Corporation: DT is waiting for the confirmation replies for fuel purchases for YSPSC's two major fuel suppliers. Working papers will be submitted for the partner's review first week of February.
3. Yap Diving Seagull, Inc.: DT has requested a trial balance as of September 30, 2008 and other related documents. Commence of fieldwork is pending the receipt of the requested documents.
4. Yap Visitors' Bureau: DT has received the trial balance and the signed engagement letter. Commencement of fieldwork is pending the receipt of other requested documents.

KOSRAE STATE GOVERNMENT

1. Kosrae State Government: DT has received some of the requested documentation and commenced testing of those documents.
2. Kosrae Utilities Authority: DT has received the final trial balance. Additional requests will be made based on the trial balance received. DT will commence fieldwork by the third week of February.
3. Micronesia Petroleum Corporation: DT has received the final trial balance and other audit schedules. Additional requests will be made based on the trial balance received. DT will commence fieldwork by the third week of February.

The first finished audit report for fiscal year 2008 for FSM Telecommunications Corporation and Pohnpei Utilities Corporation can be accessed at the FSM Public Auditor's website at www.fsmopa.fm. Let me know if you have questions about this report.

Respectfully submitted,



Haser H. Hainrick
National Public Auditor

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xc: FSM Vice President
Speaker of FSM Congress
Speaker of Pohnpei State Legislature
Speaker and President of Chuuk Senate & House of Representative
Speaker of Yap State Legislature
Speaker of Kosrae State Legislature
Director, SBOC
All Finance Secretary/Directors (T. Pablo, M. Laaw, J. Mori, T. Reynolds)
All State Auditors (W. Dolosa (Acting), A. Leben, J. Navara (Acting))